
A BILL FOR AN ACT

RELATING TO LOW-INCOME REFUNDABLE TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 235-55.85, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsection (a) to read:

4 "(a) ~~[Each]~~ Except as provided in subsection (d), resident
5 individual taxpayer, who files an individual income tax return
6 for a taxable year, and who is not claimed or is not otherwise
7 eligible to be claimed as a dependent by another taxpayer for
8 federal or Hawaii state individual income tax purposes, may
9 claim a refundable food/excise tax credit against the resident
10 taxpayer's individual income tax liability for the taxable year
11 for which the individual income tax return is being filed;
12 provided that a resident individual who has no income or no
13 income taxable under this chapter and who is not claimed or is
14 not otherwise eligible to be claimed as a dependent by a
15 taxpayer for federal or Hawaii state individual income tax
16 purposes may claim this credit."

17 2. By amending subsection (d) to read:



1 "(d) The tax credit under this section shall not be
2 available to:

3 (1) Any person who has been convicted of a felony and who
4 has been committed to prison and has been physically
5 confined for the full taxable year;

6 (2) Any person who would otherwise be eligible to be
7 claimed as a dependent but who has been committed to a
8 youth correctional facility and has resided at the
9 facility for the full taxable year; [~~or~~]

10 (3) Any misdemeanor who has been committed to jail and
11 has been physically confined for the full taxable
12 year[~~-~~]; or

13 (4) Any person who is not eligible to receive public
14 assistance under section 346-29."

15 SECTION 2. Section 235-55.85, Hawaii Revised Statutes, is
16 repealed.

17 [~~"§235-55.85 Refundable food/excise tax credit. (a) Each~~
18 ~~resident individual taxpayer, who files an individual income tax~~
19 ~~return for a taxable year, and who is not claimed or is not~~
20 ~~otherwise eligible to be claimed as a dependent by another~~
21 ~~taxpayer for federal or Hawaii state individual income tax~~
22 ~~purposes, may claim a refundable food/excise tax credit against~~



1 ~~the resident taxpayer's individual income tax liability for the~~
 2 ~~taxable year for which the individual income tax return is being~~
 3 ~~filed; provided that a resident individual who has no income or~~
 4 ~~no income taxable under this chapter and who is not claimed or~~
 5 ~~is not otherwise eligible to be claimed as a dependent by a~~
 6 ~~taxpayer for federal or Hawaii state individual income tax~~
 7 ~~purposes may claim this credit.~~

8 ~~(b) Each resident individual taxpayer may claim a~~
 9 ~~refundable food/excise tax credit multiplied by the number of~~
 10 ~~qualified exemptions to which the taxpayer is entitled in~~
 11 ~~accordance with the table below; provided that a husband and~~
 12 ~~wife filing separate tax returns for a taxable year for which a~~
 13 ~~joint return could have been filed by them shall claim only the~~
 14 ~~tax credit to which they would have been entitled had a joint~~
 15 ~~return been filed.~~

16	Adjusted gross income	Credit per exemption
17	Under \$5,000	\$85
18	\$5,000 under \$10,000	75
19	\$10,000 under \$15,000	65
20	\$15,000 under \$20,000	55
21	\$20,000 under \$30,000	45
22	\$30,000 under \$40,000	35



1 ~~youth correctional facility and has resided at the~~
2 ~~facility for the full taxable year; or~~

3 ~~(3) Any misdemeanant who has been committed to jail and~~
4 ~~has been physically confined for the full taxable~~
5 ~~year.~~

6 ~~(c) The tax credits claimed by a resident taxpayer~~
7 ~~pursuant to this section shall be deductible from the resident~~
8 ~~taxpayer's individual income tax liability, if any, for the tax~~
9 ~~year in which they are properly claimed. If the tax credits~~
10 ~~claimed by a resident taxpayer exceed the amount of income tax~~
11 ~~payment due from the resident taxpayer, the excess of credits~~
12 ~~over payments due shall be refunded to the resident taxpayer;~~
13 ~~provided that tax credits properly claimed by a resident~~
14 ~~individual who has no income tax liability shall be paid to the~~
15 ~~resident individual; and provided further that no refunds or~~
16 ~~payment on account of the tax credits allowed by this section~~
17 ~~shall be made for amounts less than \$1.~~

18 ~~(f) All claims for tax credits under this section,~~
19 ~~including any amended claims, shall be filed on or before the~~
20 ~~end of the twelfth month following the close of the taxable year~~
21 ~~for which the credits may be claimed. Failure to comply with~~



1 ~~the foregoing provision shall constitute a waiver of the right~~
2 ~~to claim the credit.~~

3 ~~(g) For the purposes of this section, "adjusted gross~~
4 ~~income" means adjusted gross income as defined by the Internal~~
5 ~~Revenue Code."]~~

6 SECTION 3. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act shall take effect upon its approval
9 and apply to taxable years beginning after December 31, 2008;
10 provided that section 2 shall take effect on December 31, 2015.

11

INTRODUCED BY:

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JAN 28 2009



Report Title:

Income Tax Credit; Food; General Excise Tax

Description:

Changes the eligibility for the low-income refundable food and excise tax credit by requiring taxpayers to be eligible for state public assistance and repeals the tax credit on 12/31/2015.

